

**IMPLEMENTATION
BODY**

Public Service Agreement 2010-2014

Second Progress Report

June 2012

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Chairman's foreword

On behalf of the Implementation Body, I am pleased to submit the second annual report on progress under the *Public Service Agreement 2010-2014*.

The Agreement continues to provide valuable stability in what remains a most uncertain and volatile economic climate. The Agreement is a framework under which considerable and sustainable savings are being made in the cost of providing public services. This Report and our first Report last year provides solid evidence of the sustainable pay bill savings and the administrative efficiency or non-pay savings that are being facilitated by the Agreement.

Crucially also, by securing the co-operation of staff and their representatives, the Agreement is providing a framework under which much needed improvements in productivity as well as essential change and reform can be delivered against a backdrop of significantly fewer staff and reduced resources and at a time when, as this Report illustrates, the demand for many public services is increasing.

It is not the role of the Agreement itself, or indeed the Body, to decide on targets on such matters as staff reductions or the nature and scope of public service reform. Such decisions are for Government and public sector managements. The real value of the Agreement is that it is enabling such decisions to be implemented in an environment of industrial peace and with the co-operation of staff right across the public service.

It is important to acknowledge the ongoing commitment and support provided by staff and their representatives during the second year of the Agreement. The public service faced particular challenges during the past year, not least in terms of managing the departure of more than 8,000 staff earlier in 2012. It is important to acknowledge the successful efforts of management, staff and their representatives in managing this challenge so as to minimise the impact on frontline services and on the citizens and businesses that depend on them. I would also like to acknowledge the important contribution being made by the new Department of Public Expenditure and Reform in terms of driving the reform agenda across the public service.

I would like, on behalf of my colleagues and on my own behalf, to once again thank the Chairs and members of the Sector Groups for their ongoing work in driving the reform agenda in each of the sectors and also the small group of staff in our Secretariat who have continued to provide an outstanding support and backup service to the Body and to me personally. Finally I would like to thank all of my colleagues on the Body for their time, effort and commitment throughout the year.

A handwritten signature in black ink, appearing to read 'P. Fitz', with a stylized flourish extending from the end.

Chair

6th June 2012

SUMMARY

Overall assessment and conclusions

- The Agreement continues to be an effective enabler for the implementation of required reform and change across the public service. It is facilitating a significant reduction in staff numbers and is allowing significant restructuring to be implemented in a climate of sustained industrial relations stability and staff co-operation
- The Agreement has succeeded in delivering significant Exchequer pay bill savings and non-pay administrative efficiency savings directly related to many of the plans implemented under it (see below)
- The Body has identified many examples of initiatives being taken centrally and locally across the public service which show a strong focus on extracting costs and efficiencies, increasing productivity and driving change under the framework of the Agreement with the co-operation of staff
- The pace and ambition of change needs to be systemic to fully address the fiscal challenges which lie ahead in the coming years
- The Body believes that the sustainability of the Agreement will be measured against its ability to accelerate the pace of change across the public service and its potential for extracting further pay bill and non-pay administrative efficiency savings through the early implementation of key deliverables across sectors

Staff number reductions

- Public service staff numbers have been reduced by 28,000, or 8.8%, since 2008 from 320,000 to 292,000
- Staff numbers have been reduced by over 17,300 during the first two years of the Agreement and by 11,530 during the review period (Apr 2011 to Mar 2012)

Pay and non-pay savings

- The Exchequer pay bill has been reduced by 17.7% between 2009 and 2012, from €17.5bn (Gross) to €14.4bn (net of the Pension Related Deduction)
- Pay bill Savings of €650m were achieved during the year under review (Apr 2011 to Mar 2012) driven largely by the reduction in staff numbers
- Factoring in an estimate for the maximum possible post-February recruitment over 2012 still yields significant sustainable pay bill savings of €521m. An estimated €810m in sustainable pay bill savings has therefore been achieved during the first two years of the Agreement
- Over the period 2009 to 2015, the Exchequer pay bill is expected to reduce by €3.8bn, or €3.3bn net of expected increases in public service pensions costs
- Administrative efficiency (or 'non-pay') savings totalling €370m were reported for the review period. Adding the examples of non-pay savings presented in last year's Report

totalling €308m, gives a total of €678m in non-pay savings in the first two years of the Agreement.

- Savings in respect of 4 sample projects were independently verified by Grant Thornton

Key productivity and reform achievements by sector

Education Sector

- 14.9% increase in student numbers in the higher education sector since the end of the 08/09 academic year. Staff numbers reduced by 7.3% during the same period
- Progress made on moving to a Single Student Grant Scheme which will be administered by a single agency, City of Dublin VEC, rather than 66 separate bodies
- 200 secondary and 950 primary level teachers redeployed for the 2011/2012 school year eliminating the need to recruit additional teachers and securing substantial savings
- Outputs for 2011 for schools inspections ahead of the previous year by 15%
- New contract terms for Special Needs Assistants were introduced providing for greater flexibility
- Additional working hours for academic staff in universities, institutes of technology and schools were implemented from the start of the 2011/2012 academic year
- The Limerick Institute of Technology/Tipperary Institute merger completed. Cost per full time student significantly reduced (€37,473 before the merger and €14,767 in 2011)

Health Sector

- A reduction of 2,855 staff between April 2011 and March 2012, but increased demand for health services. For example:
 - Inpatient discharges at end December 2011 were 14,233 above planned levels
 - Number of Day Cases in 2011 was 804,274 or 6.5% above planned levels
 - Number of Day Cases has increased from 675,162 in 2009 to 804,274 in 2011
 - 500,000 more medical card holders now than in 2007
- Acute hospitals for the two year period end 2009 to end 2011: net spend down by 11%; activity up by 10% and cost per discharge down by 20%
- 4,500 staff redeployed / re-assigned across the sector during the reporting period as services were reconfigured and re-organised to maintain delivery with reduced staff and other resources
- Roster changes and extended working day agreements introduced to facilitate the ongoing delivery of safe, efficient and cost effective quality services, for example, in the areas of nursing, radiography, laboratory services and social workers
- Further progress in centralising certain functions was made including the completion of the centralisation of the administration of medical card services; a Single National Procurement Operating Model and other support services across the sector

Defence Sector

- Initial work has begun on re-organising the Army Brigade structure. This will reduce the number of Brigades from three to two
- Four Army Barracks closed at end of March 2012 which will maximise the effectiveness of the Defence Forces
- A competitive, merit based system of promotion introduced for the first time for Generals, Officers and enlisted personnel

Prison Service

- Staff numbers down by 8% but average number of prisoners in custody up 23% since 2008. Overall prisoners in the system (includes prisoners and those on temporary release) up by 34% since 2008
- Task, or efficiency, reviews of prisons were progressed, facilitating a reduction in required staffing levels of 326 staff in the review period and exceeding the target of 308
- Agreement on the introduction of new Prison Administration and Support grades which will involve redeployment of approximately 140 staff into the Prison Service and free up prison officers for frontline work
- Agreement was reached to develop prison campus structures. This involves merging 8 separate prison structures into 3 consolidated shared service campus management structures in Mountjoy, Cloverhill and Portlaoise

An Garda Síochána

- New roster arrangements were rolled out on a national pilot basis from 30 April 2012. The new arrangements will match the supply of Garda personnel to peak demand for services, particularly at week-ends
- A new performance management system has been developed for An Garda Síochána and piloting of the new system commenced in January 2012
- Several civilianisation initiatives were progressed during the reporting period to free up Gardaí for frontline duties. These include the deployment of civilian staff in April 2011 to the Garda Communications Centre and to Dublin Airport, on a pilot basis, in February 2012 to carry out duties as Immigration Control Officers (ICO)

Civil Service and State Agency Sectors

- In Revenue, staff numbers down by 850 (13%) while the number of audit and assurance checks carried out has increased by 55% since 2008
- Departments and Offices reported progress in the area of reconfiguration and business process re-engineering. The Department of Public Expenditure and Reform has established a Business Process Improvement unit to assist in this area

- Production time for passports improved with reduced staff numbers: 90% of Passport Express applications were being issued/produced in '9 days or under' to date in 2012, compared with 59% in the same period last year
- 20% increase in the numbers of weekly social welfare payments between 2008 and September 2011; a 13% increase in processing volumes in 2011 and a 11% reduction in processing times between 2009 and 2011
- The Department of Social Protection have reorganised localised services to better manage the existing three streams of business (Community Welfare Services, Social Welfare Local Office services, FÁS Employment and Community Services)
- Shared service initiatives were progressed, for example, the HR Shared Service project for the Civil Service which is expected to lead to savings of €12.5m when fully implemented
- More office structures were rationalised during the reporting period. Teagasc closed 13 offices and the Department of Agriculture, Food and the Marine closed a further 10 offices and established 16 enhanced offices
- Work on streamlining the employment rights institutions was advanced with the introduction of a single contact portal; a single complaint form; a new website and an early resolution service. Drafting of a Workplace Relations Bill has commenced to give effect to the new structure
- More efficient national procurement frameworks being put in place by the National Procurement Service in the OPW
- Revenue introduced a range of online and electronic taxation tools, for example, the e-Relevant Contracts Tax

Local Government Sector

- Staff reductions in local authorities of 8,500 since 2008 and over 1,800 in this review period
- Numbers of Director of Services posts reduced by 23%, from 262 to 203, since 2008 and 20 during the review period. This is on track to meet the Local Government Efficiency Review target of 190
- Local authorities have rationalised their operations in terms of back office support services, customer facing service delivery and the organisation of outdoor works in order to produce the leanest possible delivery mechanisms
- A number of Motor Taxation Offices have been rationalised leading to greater use of on-line payments
- A national procurement shared service resource is in place in the Local Government Management Agency. Each local authority has a dedicated procurement officer and shared procurements are being progressed on a regional and national basis
- A project management office has been established to develop shared services in the sector

1 Introduction

This is the Second Annual Report of the Implementation Body which is charged with overseeing implementation of the *Public Service Agreement 2010-2014*. The Body comprises representatives of public service management and the Public Services Committee of ICTU. Information on the Body and its work can be found at www.implementationbody.gov.ie.

In accordance with Paragraph 1.16 of the Agreement, the Implementation Body carries out a review each year of the sustainable pay savings achieved under the Agreement. The Body also assesses the level of administrative efficiency (or 'non-pay') related savings that have been achieved. Furthermore, the Body reviews progress on the implementation of the Action Plans that have been put in place to drive workplace change and reform in each sector of the public service.

This is a four year agreement. In June 2011, the Implementation Body published its assessment of the sustainable savings and progress achieved during the first year of the Agreement. The box at Appendix 1 contains a high level summary of the key achievements reported for that period. The full report is available on the Body's website.

This Report examines the sustainable savings and progress achieved during the second year of the Agreement. The reporting period is April 2011 to March 2012.

2 Reducing public service costs

2.1 Staff number reductions

Staff numbers across the public service have been reduced significantly. Table 1 below shows that more than 28,000 whole-time equivalent posts have been eliminated since December 2008. Numbers have fallen from 320,000 to 292,000¹, representing an 8.8% reduction. All sectors have experienced significant reductions in numbers, with the largest in Local Government, Non-Commercial State Agencies and the Defence sectors.

During the first two years of the Agreement, there has been a cumulative reduction in staff numbers of more than 17,300.

During the specific period under review (April 2011 to March 2012), staff numbers were reduced by 11,530 (see Table 2) to just under 292,000, already exceeding the end 2014 target of 294,700 set out in the National Recovery Plan and demonstrating solid

¹ All figures provided on staff numbers are in whole-time equivalent terms.

progress towards the Government's target of reducing public service staff numbers to 282,500 by 2015.

Table 1
Overall reduction in Public Service Numbers since Q4 2008

| | 2008 End Qtr4 | 2012 End Qtr1 | Reduction 2008-2012 | % Reduction |
|----------------------------------|--------------------------|--------------------------|--------------------------------|--------------------|
| Civil Service | 38,909 | 35,763 | -3,146 | -8.1% |
| Defence Sector | 11,265 | 9,553 | -1,712 | -15.2% |
| Education Sector | 95,024 | 90,830 | -4,194 | -4.4% |
| Health Sector | 111,025 | 102,811 | -8,215 | -7.4% |
| Justice Sector | 15,692 | 13,622 | -2,070 | -13.2% |
| Local Authorities | 35,008 | 28,576 | -6,432 | -18.4% |
| Non-Commercial State Agencies | 13,060 | 10,772 | -2,288 | -17.5% |
| Total | 319,983 | 291,927 | -28,056 | -8.8% |

Notes

- Figures provided by the Department of Public Expenditure & Reform
- During the period around 1,900 Public Service staff were redeployed into the Civil Service from other sectors of the public service
- The above figures do not include Oireachtas staff, which numbered 427 in Q1 2012, and who are paid from the Central Fund

2.2 Pay bill savings in Year Two of the Agreement

The Body notes that the impact of the measures implemented to date to reduce the public service pay bill (i.e. pay reductions, the pension related deduction, the reduction in staff numbers and other measures facilitated by the Agreement) has been significant and has resulted in a reduction in the gross Exchequer pay bill from a peak of €17.5bn in 2009 to a projected €14.4bn (net of the Pension Related Deduction) in 2012, a reduction of 17.7%.

For the 12 month period under review, the total pay bill savings made through reductions in staff numbers and other pay related savings is in the order of €650m per annum. Details are set out in Table 2 below.

The Body recognises that these figures include the departure of some 8,000 staff who retired in January and February 2012 and that the Government intends to undertake limited recruitment across the public service to fill critical posts following these departures. While the full impact of this recruitment will be reflected in the figures reported next year, the Body, nevertheless, sought an estimate of the effect of such recruitment on the savings reported above. Figures provided to the Body by the Department of Public Expenditure and Reform show that, even if each sector recruits up to the total number of staff to bring them right up to their 2012 staffing ceiling over the

coming months, the staff number reduction over Q1 2011 would still be over 9,000, yielding an estimated net sustainable pay bill saving of €521m.

Table 2
Number Reductions and Sustainable Pay Roll Savings (Q1 2011-Q1 2012)¹

| | 2011 End Qtr 1 | 2012 End Qtr 1 | Numbers Reduction | Payroll Savings by sector (Per Annum) €m |
|--|-------------------------------|-------------------------------|------------------------------|---|
| Civil Service² | 36,763 | 35,763 | 1,000 | 58.0 |
| NCSA | 11,876 | 10,772 | 1,103 | 64.0 |
| <i>Sub-total</i> | 48,639 | 46,535 | 2,104 | 122.0 |
| Health Sector | 105,664 | 102,811 | 2,854 | 165.5 |
| Defence Sector | 10,445 | 9,553 | 892 | 51.7 |
| Justice Sector | 14,686 | 13,622 | 1,064 | 61.7 |
| Education Sector | 93,607 | 90,830 | 2,776 | 161.0 |
| <i>Total</i> | 273,041 | 263,351 | 9,690 | 562.0 |
| <i>Local Authorities³</i> | 30,416 | 28,576 | 1,840 | 88.4 |
| <i>Total Numbers Reduction</i> | | | 11,530 | |
| <i>Total Payroll Savings</i> | | | | 650.4 |
| <i>Total Net Estimated Sustainable Pay Roll Savings (in light of planned post-February recruitment)</i> | | | | 520.7 |

Notes

1. Payroll Savings are calculated on average annualised savings per employee arising from the reduction in numbers during the review period of 11,530 (employee number reductions arise at different times during the year). It includes savings due to numbers reductions and other reductions in the cost of the public service pay bill. (e.g. in overtime, allowances etc)
2. The above figures do not include Oireachtas staff, which numbered 427 in Q1 2012, and who are paid from the Central Fund
3. Local Authority staff costs are not included in the Exchequer Pay Bill and are funded separately but are included in the figures presented in this Report and in Table 2
4. Figures supplied by Department of Public Expenditure & Reform

Finally, the Body noted that, as part of the contingency planning for the end of grace period departures earlier this year, the Government decided teachers of State exam classes could be retained until the end of the school year in the interests of the students concerned. The Body is also aware that there have also been a number other instances

across the public service where former staff have been re-hired for various purposes. While accepting that it does not have a remit in relation to such matters, the Body does concur with the stated policy on this issue which is that staff generally should not be retained beyond retirement age and that any re-engagement should take place only in the most exceptional cases and for defined and limited periods of time.

2.3 Projected pay bill savings to 2015 and additional pensions costs

As a result of measures introduced from 2009, the cost of the Exchequer pay bill is expected to reduce from a peak in 2009 of €17.5bn (gross) to €13.7bn (net of the Pension Related Deduction) in 2015, creating an annual saving of €3.8bn (see Table 3 below).

Table 3: Exchequer Pay Bill costs 2009 to 2015²

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2009-2015 reduction net of PRD |
|--|--------|--------|--------|--------|--------|--------|--------|--------------------------------|
| | €m | €m | €m | €m | €m | €m | €m | |
| Exchequer Pay Bill - Gross | 17,514 | 15,935 | 15,645 | 15,375 | 15,000 | 14,700 | 14,600 | |
| Pension Related Deduction (PRD) | 837 | 945 | 950 | 930 | 916 | 911 | 911 | |
| Exchequer Pay Bill Net of PRD | 16,677 | 14,990 | 14,695 | 14,445 | 14,084 | 13,789 | 13,689 | 3,825 |

Note: Figures provided by the Department of Public Expenditure and Reform

The Exchequer pension bill is expected to increase by €0.5bn over the same period from €2.6 to €3.1bn (see Table 4 below).

Table 4: Exchequer Pension Bill costs 2009 to 2015

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2009-2015 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|------------|
| | €m | €m | €m | €m | €m | €m | €m | |
| Exchequer Pension Bill - Gross | 2,558 | 2,733 | 2,753 | 3,038 | 2,979 | 3,099 | 3,099 | |
| Increase over previous year | | 175 | 20 | 285 | -59 | 120 | 0 | 541 |

Note: Figures provided by the Department of Public Expenditure and Reform

² 2009 has been used as the base year due to the fact that while public service numbers peaked in 2008 (see Table 1), the gross public service pay bill did not peak until 2009 due to the full year effect of the last general round of pay increases under the *Towards 2016* national pay agreement. Accordingly, the forecast reduction in pay bill from 2009 to 2015 is €3.8bn while the equivalent reduction from 2008 to 2015 is €3.5bn.

Offsetting the pension bill increase against the pay bill reduction will see the overall Exchequer Pay and Pensions Bill fall by approximately €3.3bn, or 19%.

However, the Body considers it important to explain that the relationship between movements in the pay bill and the pension bill is not a direct one. Movements in the pension bill are subject to a number of other factors including increased life expectancy of existing pensioners and the demographic profile of the public service with increasing numbers of staff approaching retirement, following the substantial numbers recruited in the 1970s. Increases in pension costs are not a result of the Public Service Agreement whose focus is on extracting costs from the Exchequer pay bill.

What was the 'Grace Period'?

When public service pay rates were reduced in 2010, the Government also introduced a transitional 'grace period' to deal with retirements. The arrangement meant that any staff retiring before a certain date had their pension payments calculated on the basis of the 'old' pay rates in use prior to the pay cut. This grace period expired on 29 February 2012. Any retirements after that date have the pension payments calculated on the basis of the present day (i.e. the reduced) pay rates.

How were grace period departures managed?

The Body notes that the retirement of some 8,000 staff by 29 February 2012 was managed successfully by the public service without disruption to services. Contingency planning was critical to this. In the Health Service, for example, where during the final 6 months of the 'grace period' 4,706 staff retired, planning to manage the impact was ongoing at national, regional and local levels since Autumn of 2011 and this was reflected in the HSE's National and Regional Service Plans for 2012. More detail on the management of this process in the health sector is set out in Section 3.2.2.

Did the grace period give 'added years'? Was it an Early Retirement Scheme?

The grace period arrangement did not give any 'added years' for the purposes of calculating pension payments. Anyone retiring within the grace period had their pensions payments calculated on the bases that were already in force at the time.

The grace period arrangement was not an 'early retirement' scheme. It did not give any entitlement to retire earlier than was already possible. So it was only relevant to staff who could already retire under existing rules. These existing rules allowed certain flexibility (within set bands) about when exactly staff can take retirement; the expiry of the grace period prompted many to leave by 29 February 2012 rather than waiting until later, leading to the concentration of retirements in the weeks before end February.

The majority of staff who retired during the grace period had reached normal retirement age. Some others left under the existing scheme of cost-neutral early retirement – an arrangement in place for several years that allows staff over a certain age to retire before normal retirement age but to have their pension payments (lump

sum and pension) actuarially reduced so that there is a neutral cost effect for the Exchequer.

Staff who retired in the grace period were already eligible to retire under existing rules. The costs (lump sums and pensions) incurred by the Exchequer on their departure represented accrued liabilities that had been built up by the Exchequer over the working lives of the staff while they were working members of public service pension schemes.

There had been an expansion of the public service in the 1970s (linked to a number of factors including Ireland's joining the EU, introduction of free second level education, etc). Therefore, it was always expected that there would be an increase in the number of public servants retiring in this decade.

2.4 Examples of other pay related savings reported

The overall value of the pay bill reductions set out in Section 2.2 above are inclusive of reductions being delivered in the cost of other elements of the pay bill, some examples of which are detailed below.

A reduction of 10% in overtime payments has been targeted by the Government for 2012. This is in addition to the reduction in overtime costs achieved during the period under review. The overall reduction in overtime during the period under review was 7% and was delivered notwithstanding the significant but exceptional once off costs incurred in meeting the security demands of two state visits (Queen Elizabeth and President Obama).

Examples of pay bill reductions reported by sectors include:

- In the education sector there has been a reduction in the order of 6,000 responsibility posts in primary and post-primary schools with a consequential saving of €36m annually.
- In the health sector, various measures aimed at maintaining and improving service delivery were introduced. The measures which included new rostering arrangements and reduced overtime and allowances achieved savings of approximately €20m.
- The local government sector reported €15.2m net savings over the review period which has resulted predominately from reductions in overtime and allowances and in the utilisation of shorter working year/term-time arrangements.
- The Department of Agriculture, Food and the Marine has been engaged in a programme of reorganising its local office network. This involves reducing the

number of regional offices from 58 to 16. Pay related savings of €26.7m annually were achieved during the review period³.

- In the Defence Forces, pay bill savings of €5m were achieved arising from the consolidation of personnel into fewer locations and the closure of four military barracks. A further €0.6m was saved arising from the elimination of the pilot retention scheme payment in the Air Corps.

2.5 Administrative efficiency (non-pay) savings achieved

Table 5 below summarises the total administrative efficiency, or non-pay related, savings reported to the Body for the period under review.

Some examples of the efficiency savings reported by sectors include:

Table 5:
Overall Efficiency (non-pay) Savings Reported by Sector

| | Savings Achieved in the Review Period | Annualised Full Year savings when fully implemented |
|--------------------------------|--|--|
| | €m | €m |
| Local Government | 30.7 | 44.3 |
| Health | 238.5 | 238.5 |
| Education | 20.0 | 20.5 |
| Defence Forces | 10.9 | 10.9 |
| Garda Síochána | 24.0 | 24.0 |
| Prison Service | 4.8 | 6.6 |
| Civil Service & State Agencies | 40.9 | 62.0 |
| TOTAL | 369.8 | 406.8 |

Education

- Savings of €17m were achieved through shared service and shared procurement by Universities and Institutes of Technology in the following areas: advertising, purchasing of journals, photocopiers, lab gases, travel, electricity, lab supplies, waste management, computers, printing and postage.
- The merger of Limerick Institute of Technology and Tipperary Institute was completed during the reporting period and will deliver full year savings of €1.2m⁴.

³ The savings reported under this initiative were independently verified by Grant Thornton (see section 2.6).

⁴ The savings reported under this initiative were independently verified by Grant Thornton (see section 2.6).

Local Government

Non-pay savings of €30.7m were achieved during the reporting period from a range of initiatives taken by local authorities in such areas as shared services; integration of services; development of new online services; more effective procurement and purchasing arrangements; reduced travel costs; value for money initiatives; and improved productivity and performance.

Prison Service

Non-pay savings of €6.5m were reported over the period in the Prisons Service through the reconfiguration of staff canteen services (€1.4m); the implementation of a new prisoner phone system with consequent efficiencies in call pricing (€0.4m) and efficiencies in procurement and purchasing (€4.75m).

Defence

- Efficiencies realised arising from the closure of Barracks, including utilities, maintenance etc. totalling €1.3m.
- Changed work practices, value for money initiatives and other administrative efficiencies contributed to €2m in savings in the Naval Service.

An Garda Síochána

Non-pay savings of €24m were achieved during the reporting period. Initiatives undertaken to achieve these non-pay savings included changed working practices, outsourcing of repair and maintenance of the Garda fleet and other administrative efficiencies.

Civil Service and State Agencies

Examples of administrative efficiencies achieved by Government Departments, Offices and Agencies during the reporting period include:

- Savings of €10m achieved through the management and rationalisation of the OPW property portfolio. Actions included the surrendering of leases and rent reductions
- The Department of Agriculture, Food and the Marine implemented a number of actions which resulted in non-pay savings of €8m during the review period. This included €2.5m savings arising from the reorganisation of the local office network.
- The Department of Justice and Equality and its agencies achieved non-pay savings of approximately €6.8m during the review period. Examples include:
 - Irish Naturalisation and Immigration Service: savings achieved through changed work practices and other efficiencies (€2.4m).
 - Savings in direct provision system: reduced accommodation costs for asylum seekers as a result of efficiencies and contract negotiations (€3.6m).

- Numerous initiatives were introduced by the Department of Jobs, Enterprise and Innovation and its agencies which have generated non-pay savings of approximately €1.5m, including a review of the overseas office network, savings achieved through staff relocation and securing reduced rates from service providers.
- The Department of Social Protection achieved non-pay savings of €1.7m through administrative efficiencies, use of procurement frameworks and negotiations with service providers.
- Total non-pay savings of €1.9m were achieved in the office of the Director of Public Prosecutions through the implementation of changed work practices in relation to settling claims and reduced purchasing and procurement costs negotiated with providers.
- Revenue saved €0.5m arising from the closure of small offices, rationalisation of accommodation and renegotiation of waste removal contracts.

Health

- The Health Sector achieved €238.5m in administrative efficiency savings during the review period. These savings related to areas such as pharmaceutical cost management (drugs and medicines), maintenance, catering, cleaning and reduced clinical and diagnostic costs in the context of service reconfigurations.
- A key driver of these savings was the development of a Single National Procurement Operating Model in the HSE which was facilitated by the Agreement. This new model is helping to deliver significant savings (e.g. €82.6m for the period January 2011 to February 2012 inclusive⁵).

2.6 Independent verification of savings

The Agreement allows for the engagement of external financial advisors to undertake independent verification of reported savings under the Agreement. It is not possible to submit every saving achieved under the Agreement to external verification. The approach of the Body has been to submit a small number of sample projects for independent evaluation. Last year three projects were externally verified. On this occasion four projects were selected which included a spread of sectors (in particular, the largest sectors) and a range of reform measures.

This verification process involves a review of the methodology, quantification and estimation used by public service management to identify savings that have been achieved and/or will be achieved as a result of agreements reached.

Chartered accountants, Grant Thornton, were engaged, following a tendering process, to carry out four sample validations for this review. The projects examined were:

⁵ The savings reported under this initiative were independently verified by Grant Thornton (see section 2.6).

1. The re-organisation of local offices in the Department of Agriculture, Food and the Marine;
2. Implementation of a single national procurement model in the HSE;
3. Cost savings from the new e-RCT (Relevant Contracts Tax) system in the Revenue Commissioners; and
4. The merger of Limerick Institute of Technology and Tipperary Institute.

Grant Thornton concluded, *inter alia*, that:

- All four of the projects evaluated either have already facilitated or demonstrate a capability to facilitate verifiable savings in the future;
- The Agreement is playing a significant role in facilitating the implementation of the savings initiatives in each case; and
- The declared savings reported by management in each of the four projects were found to be reasonable estimates of savings that have arisen or will arise due to the successful implementation of the projects and the methodology used for each project was found to be acceptable.

3 Progress on implementing change and reform

3.1 Creating a more integrated, efficient and effective public service

The Body noted that a number of key reforms were progressed with staff co-operation on a public-service wide basis during the reporting period which are aimed at creating a more integrated, efficient and effective public service. For example:

- A new Reform and Delivery Office was established within the Department of Public Expenditure and Reform. A Programme Director was appointed to lead the office; to work closely with organisations across the public service, enabling them to deliver reform at a local level; and to lead on certain key cross-cutting reform initiatives. A Shared Services Transformation Manager was also externally recruited to drive implementation of shared services across all sectors and the position of Commercial Delivery Manager has also been recently advertised.
- A comprehensive, action and time-focused Public Service Reform Plan was launched in November 2011 setting out priority actions and timelines for reform in a broad range of areas, with a focus on actions to improve performance by organisations and individuals; ensure greater efficiency, effectiveness and economy; and ensure flexibility in the deployment of people and resources. The overall plan is complemented by local integrated reform delivery plans. Implementation is underway and is being overseen by the Reform and Delivery Office.
- Standardised annual leave arrangements were put in place.

- Legislation is being progressed for the proposed new single public service pension scheme.
- A process involving engagement with staff representatives to reform sick leave arrangements is currently underway.
- A review of allowances and premium payments across the public service is at an advanced stage, under the framework of the Agreement aimed at achieving a reduction of 5% in the cost of allowances and premium payments in 2012 and further savings in subsequent years.

3.2 Delivering change and increasing productivity

In addition to centrally led initiatives, each sector of the public service has also set out in Action Plans change and reform measures to be progressed at sectoral level under the framework of the Agreement. Below is a summary of the key progress reported on the implementation of these plans in each sector. The full reports submitted by each sector are available on the Body's website.

Also, the Body is satisfied that the public service is "doing more with less" and that there has been a tangible increase in productivity and efficiency generally. The significant reduction in the number of staff of 28,000 from the peak of 320,000 in 2008 to just under 292,000 in Q1 2012 was noted in Section 2. At the same time, the Body has also noted that the demand for many public services has increased during the current economic crisis. Some specific examples of the productivity improvements reported to the Body by each sector are also provided.

3.2.1 Education Sector

Productivity

Higher Education

14.9% increase in student numbers in the higher education sector since the end of the 08/09 academic year. Staff numbers reduced by 7.3% during the same period.

Student numbers in the higher education sector are projected to increase by a further 12% by the 2014/15 academic year while the decrease in staffing numbers will continue.

In Galway/Mayo IT (GMIT) staff numbers reduced by 82 since 2008 (45 were academic grades). Student numbers have remained constant over that timeframe with the implementation of the increased flexibility of teaching hours as put in place via the Agreement helping to bridge that gap.

The recently completed merger of Limerick Institute of Technology and Tipperary Institute:

- Will deliver, in addition to pay and non-pay savings, a significant increase in productivity with scope for a major increase in student numbers from around 7,000 in the 2010/2011 academic year to 8,000 by academic year 2015/2016 (increase of 14.3%); and

- Has reduced the cost per full time student (€37,473 before the merger as against €14,767 after the merger).

School Inspections

Staff numbers reduced from 154 at end 2009 to 127 in 2011.

Whole school evaluations conducted increased by 23% from 318 to 391.

Unannounced incidental inspections increased by 8.5% from 458 to 497.

At primary level the number of probationary teachers inspected increased by 28% from 1,633 to 2,088.

Overall, outputs for 2011 were ahead of the previous year by around 15%.

- New redeployment arrangements for second level teachers were successfully implemented for the first time for the 2011/2012 school year resulting in the elimination of a surplus of some 200 teachers and avoiding recruitment of a similar number (full year saving of €10m).
- Redeployment arrangements at primary level were implemented for the 2011/12 school year with some 950 surplus teachers (with the same number of recruits avoided) with an estimated full year saving of €47.5m.
- Single Student Grant Scheme:
 - The Body reported last year the decision to introduce a single student grant scheme (replacing 4 different schemes) which will be administered by a single agency (City of Dublin VEC), rather than by the current 66 bodies.
 - The single scheme will be in place in time for the start of 2012/13 academic year. The full transfer of functions from existing agencies to Single Grant Awarding Authority will take place on a phased basis.
 - Specifically, during the reporting period the following progress was made:
 - The implementation plan with CDVEC was finalised in Q4 2011.
 - The necessary technical and staffing arrangements were put in place which allowed for applications from new students to be processed and for the online helpdesk to go live during Q2 2012.
- New contract terms for Special Needs Assistants (SNAs) were introduced which provide greater flexibility for schools and clarify the duties of SNAs including increased flexibility in organising working time provided by the 10,575 SNAs in schools. This has resulted in SNAs being available to work for 72 hours annually outside of the regular school day which equates to an additional 760,000 hours per annum.

- From the start of the 2011/12 academic year, revised contract terms have been agreed for academic staff in Universities which provides for an additional hour per week to facilitate teaching and learning in the university. These revised contracts also require academic staff to co-operate with academic workload management and full economic costing models to improve the quality of information available for resource management in universities.
- The 2011/2012 academic year is the first full year of implementing the additional working hours in schools and Institutes of Technology which are contributing to reduced school closures and increased/teaching lecturing time.

3.2.2 Health Sector

The Agreement in the health sector has enabled health services to be delivered against a backdrop of reduced budgets and staff numbers and in the face of accelerating demand for such services. The Agreement has also enabled management and staff to engage on difficult and challenging agendas and to bring about real change across the sector, including in the funded voluntary health sector organisations. Full details on the reforms being progressed across the health sector can be found on the website of the Health Sector Implementation Group (www.hse.ie/eng/services/News/crokepark/).

Productivity

A reduction of 2,855 staff between April 2011 and March 2012.

500,000 more medical card holders now than in 2007.

Inpatient discharges at end December 2011 were 14,233 above planned levels.

Number of Day Cases in 2011 was 804,274 or 6.5% above planned levels.

Number of Day Cases increased from 675,162 in 2009 to 804,274 in 2011.

Acute Hospitals for the two year period end 2009 to end 2011:

- Net spend down by 11%
- Activity up by 10%
- Cost per discharge down by 20%

Teaching hospitals:

- Reduced spend of €200m, 660 fewer whole-time equivalent staff and 33,000 more inpatient and day cases.
- 17% more activity provided in 2011 than in 2009 for every €1m spent in this group of hospitals.

Dublin Maternity Hospitals for the two year period end 2009 to end 2011:

- Pay and non-pay costs down 8%
- Inpatient discharges up 9%
- Cost per birth down 7%
- Cost per inpatient discharge down 15%

Redeployment

Redeployment/re-assignment has been key to enabling the health service to meet the challenges of reducing budgets and staff numbers. An estimated 4,500 staff were redeployed/re-assigned during the reporting period. Examples include:

- Acute Hospital Services: over 600 staff were involved in relocating services in Cork city.
- Primary Care Reimbursement Service (PCRS): between April 2011 and April 2012, 133 staff have redeployed to the PCRS, from across the HSE.
- Laboratory Services, County Louth: in February 2012 all laboratory services in Louth County Hospital, Dundalk, amalgamated with services at Our Lady of Lourdes Hospital Drogheda. A range of both clerical and technical grades were redeployed from Dundalk to Drogheda as part of this initiative (e.g. medical scientists, clerical staff and laboratory attendants).
- Mental Health Service, North Dublin: the Elderly Mental Health care units at St Ita's Hospital, Portrane transferred to St Vincent's Hospital, Fairview in April 2011. The acute inpatient admission unit in St Ita's transferred to St Vincent's in September 2011. All grades and staff disciplines were redeployed to facilitate this service reconfiguration.
- National Rehabilitation Hospital: redeployment of 23 staff in the patient services department with processes and services streamlined to eliminate duplication of effort.

Managing the impact of staff departures

Planning to manage the impact of significant retirements ahead of the end-February 2012 'grace period' deadline was a major challenge for the sector during this reporting period and was ongoing at national, regional and local levels since autumn 2011. The overarching aim was to protect critical frontline essential services. A range of national measures were put in place to reduce the impact of the retirements on frontline services, utilising the provisions of the Agreement. These included, where required, increasing the hours of staff on a reduced working week, postponing leave, staff working overtime (unpaid but time off offered in lieu) etc.

Rosters/extended working day

Roster changes have been introduced across the sector to facilitate the ongoing delivery of safe, efficient and cost effective quality services. Some examples include:

- Central Mental Hospital, where roster changes resulted in the removal of regular in-built overtime, giving rise to estimated annual savings of €1m.
- Radiography Service: Service-wide roster change in radiography since February 2012 with staff now being rostered between 8am and 8pm from Monday to Friday. This is expected to deliver €2.5m in savings annually.

- Laboratory Service: First full year implementation of the service-wide roster change which affects some 3,000 staff who may now be rostered between 8am and 8pm from Monday to Friday. The changes for staff under this agreement are considerable and it is worth noting the relatively quick timeframe within which the revised arrangements were agreed by staff and their representative organisations. This initiative is delivering €7m in savings annually.
- Non-Consultant Hospital Doctor (NCHD) rosters: Implementation of individual rosters for NCHDs based on activity levels involving 245 staff in Tallaght Hospital. Individual weekly rosters are being assigned to each NCHD to match service needs and to streamline payment of overtime.
- Nursing roster changes have been introduced in virtually every setting throughout the country in order to maintain service and activity levels in the context of reduced staffing levels and increased financial constraints.
- Addiction Services (Dublin North-East): Revised roster arrangements were introduced which standardised opening hours of clinics and will result in a reduction in overtime and savings of approximately €0.5m per annum.
- The Physiotherapy Department in Wexford and Waterford hospitals introduced an extended working day to facilitate early morning, late afternoon and early evening out-patient appointments.
- In HSE West (Sligo/Leitrim) agreement was reached for an extended working day for dental services.
- A number of new initiatives have been implemented in the National Maternity Hospital which include: new rostering arrangements for 89 catering staff; extended working day in patient service departments across the hospital; and new assessment/monitoring procedures for overtime and agency workers.
- In St. James's Hospital, the introduction of a revised roster which completely eliminated the requirement for evening and week-end overtime in Environment Services saving €0.14m per annum.
- Agreement reached with staff in St. Michael's House on extended working day which covers over 1,500 workers and aims to save over €3m by 2014.

Reconfiguration and reorganisation of services

Mental health

Services were reconfigured, enabled by the Agreement and its redeployment provisions, in line with the focus on community-based mental health care under *A Vision for Change*. For example:

- 16 beds were closed in St. Brigid's Hospital, Ballinasloe, Co. Galway, with patients transferred to a new community nursing unit. Sligo/Leitrim acute in-patient unit has reduced its bed numbers and all other areas are advancing plans for acute bed reduction.

- Plans to centralise adult acute in-patient services in a refurbished 25-bed unit in Cavan General Hospital are ongoing. This will facilitate the closure of a Ward in St. Davnet's Hospital, Monaghan.
- Acute units are being developed in Letterkenny, Beaumont, Galway and Cork and these will be staffed by redeployed personnel.
- Agreement reached on cost savings of up to €0.4m in Cheeverstown House. A key measure is synchronised closure of day care services, when all staff will take most of their annual leave on specified dates.

Child care services

The HSE's Children and Family Services is implementing a comprehensive change programme, including the establishment of a new children's agency under the aegis of the newly established Department of Children and Youth Affairs. Discussions with staff representatives are taking place under the framework of the Agreement with regard to this restructuring.

Services for the elderly

Long stay services are being reconfigured and an emphasis placed on the provision of community based services and home supports to enable older people to remain at home in so far as possible. Examples include:

- The amalgamation of long stay units for older persons across three east coast local health offices is ongoing and will result in an improved use of staff resources for patient care.
- The closure of Loughloe House and redeployment of staff to St. Vincent's Hospital in Athlone to provide improved quality of services to clients was completed.
- Progress on the introduction of a single assessment tool (Single Care Needs Assessment Tool for Older People) to ensure equal access to and a standard approach to the delivery of home help services is well advanced. The tool has been selected and is being piloted in two locations.
- Reconfiguration of older persons' services from Sir Patrick Dun's Hospital, Dublin, to a fit for purpose unit in Clonskeagh has been completed resulting in improved service for patients and staff were redeployed.

Clinical programmes

A Clinical Strategy was developed and programmes put in place to improve and standardise patient care throughout the HSE by bringing together clinical disciplines and enabling them to share innovative solutions to deliver greater benefits to every user of HSE services. The Public Service Agreement has secured staff co-operation and flexibility for progressing this important change programme. Examples of significant achievements include:

- The *Acute Medicine Programme* which has resulted in a minimum of 70,000 bed days being saved and implemented in 12 hospital groups. The Programme has committed to delivering substantial bed day savings through the increased efficiency of how medical beds are used in hospitals (bed day savings). The programme will address four aspects of medical patient management in hospitals.
 1. Senior specialist acute physicians will see patients who are admitted to an acute medical unit within one hour of arrival. This will enable prompt diagnosis and decision making regarding care. The number of patients who are seen treated and discharged the same day has increased as the programme rolls out. The target will be that 25% of patients will be discharged the same day.
 2. Patients who require treatment for a longer period will be effectively managed from day 2-3 and approximately 31% of patients will be discharged in this time period.
 3. Patients who stay from day 3-14 will also be more effectively managed and approximately (11%) will be discharged within this time.
 4. Patients who have complex care needs will be effectively managed on an appropriate care pathway from admission.

The average length of stay will decrease by a day a year from 8 to 5 days. These commitments will reduce the overall medical bed usage by 10% over a three year period.

- *Emergency Medicine*: 19 Clinical Tools and Guidelines have been created over the last year to improve the quality of care through the standardisation of processes and checklists used to manage patient care. These range from guidelines on the treatment of patients presenting with specific complaints, for example asthma or head injury, to checklists for the management of general elements of patient care such as infection control, patient prioritisation on arrival in Emergency Departments (triage) and other tools to improve quality of care.

Centralisation of services/shared services

- Centralisation of Medical Card Services with effect from July 2011. Over 130 staff were redeployed to the new service during the reporting period. A backlog of applications developed in 2011. A comprehensive Action Plan was subsequently developed and put in place to deal with this issue. In January 2012 the backlog stood at 57,962 and this had been reduced to 4,517 by April 2012. Online application facilities have also been put in place.
- HSE Procurement is now operating on the basis of a Single National Procurement Operating Model. All staff engaged in procurement activity across HSE now report into HSE Procurement. This development was facilitated by the Agreement and is delivering better value for money across the HSE. During 2011, procurement

contributed price reductions to the value of €74m against the HSE non-pay savings plan for the year.

- Support services are being centralised across the sector. Specific examples include:
 - Dublin South Central which has amalgamated its administration functions.
 - The Rotunda Hospital is in the process of centralising its appointment and secretarial services.
 - In the HSE West area, the management of maintenance services across three counties is being restructured. Also, the HSE National Appeals Office is being centralised to Donegal with staff being redeployed accordingly.

3.2.3 Defence Sector

Productivity

Operational services required to be delivered by Government, including international commitments in terms of overseas deployments on peace support operations, have been maintained despite a 10% reduction in personnel in the Defence Forces, from 10,670 to 9,553, in the first two years of the Agreement.

- In December 2011, the Government announced a re-organisation of the Defence Forces structure from a three Army Brigade structure to a two Army Brigade structure. Initial work commenced in the reporting period on this significant restructuring and re-organisation initiative and a second interim Report (setting out high level options) on the Defence Forces re-organisation has been submitted to the Minister for approval.
- Redeployment is ongoing in the context of organisational downsizing. In the review period 1,080 personnel have been redeployed to different posts within the organisation.
- Four barracks were closed at the end of March 2012 which will maximise the effectiveness of the Defence Forces by removing the burden imposed by manning and maintaining unnecessary installations.
- A fully competitive, merit based system of promotion is now in place for Generals, Officers and Enlisted personnel. These new systems now reflect modern HR standards and practices. The new systems offer improved opportunities for advancement within the organisation and facilitate the promotion and redeployment of personnel across all units and formations.

3.2.4 Prison Service

Productivity

Staff numbers down by 8%.

Average number of prisoners in custody up 23% since 2008.

Peak numbers in custody up 24% since 2008 (i.e. at peak times there have been 903 more prisoners in custody in 2011 compared to 2008).

Overall prisoners in system (includes prisoners and those on temporary release whom officials must process and have interaction with) – up by 34% since 2008.

Committal rates – up 28% since 2008.

- The Agreement is facilitating a major transformation and modernisation programme in the Prison Service. This involves implementing a significant reduction in required staffing levels while maintaining service levels and meeting increased demand for services.
- A Task Review of all institutions and operations in the prison system was substantially completed during the review period. Implementation of the findings of these reviews has already commenced and remains on target for full completion before the end of 2012.
- The implementation of the findings of the Task Reviews has facilitated a reduction in required staffing levels of 326 staff in the review period, exceeding the target of 308.
- A review of all management grades in the prisons at Chief Officer 2 and above was carried out during the review period and engagement with the staff side has commenced. This has the potential to deliver substantial savings at senior management levels.
- Agreement was reached during the reporting period on the development of campus structures within the Prison Service which involves merging 8 separate prison structures into 3 consolidated shared service campus management structures as follows:
 - Merger of Mountjoy prison, the Dochas Centre, St Patrick's Institution and the Training Unit into a single Mountjoy Prison Campus;
 - Merger of Cloverhill and Wheatfield prisons, forming the West Dublin Prison Campus; and
 - Merger of Portlaoise and Midlands Prisons forming the Portlaoise Prison Campus.

This will help to deliver substantial savings at senior management levels and will facilitate the further development of shared services on each campus. Open recruitment of Campus Governors, as provided for under the Agreement, was commenced in early 2012 and appointments are expected to be made in Q2 2012.

- Agreement was reached on the introduction of new Prison Administration and Support grades. This will allow for redeployment of approximately 140 staff from elsewhere in the Civil Service to the Prison Service. The introduction of the new grades will deliver savings of around €3-4m on an annual basis and will free up office-based prison officers for frontline work. The process for redeployment of staff currently carrying out these roles to other operational duties was significantly advanced during Year 2 with training for new roles ongoing; this will allow for smooth transition to new roles when new grade staff arrive in mid 2012.
- Progress was made during the review period on improving inter-agency co-operation in the criminal justice sector and community sector and reviewing efficiencies in the Circuit and District Courts, working in conjunction with the Judiciary, Courts Service and An Garda Síochána.

3.2.5 An Garda Síochána

Productivity

Operational services maintained while numbers of Gardaí were reduced by 7.7% from 14,753 to 13,622 during the first two years of the Agreement.

- Significant work was progressed during the reporting period by Garda management and the staff associations on the development of new roster arrangements, the first significant changes in over 40 years. The new roster has been implemented on a national pilot basis from 30 April 2012. The outcome of the pilot will be reported on by the Body in its report next year. The new roster arrangements will match the supply of Garda personnel to peak demand for services, particularly at week-ends and there is also flexibility in changing the roster to police extraordinary or exceptional events.
- A performance management system has been developed for An Garda Síochána. Piloting of the new system commenced in January 2012 at three locations in Donnybrook, Tralee and the Garda Bureau of Fraud Investigation.
- Since July 2011, members of An Garda Síochána and Garda civilian staff are no longer paid by cheque but by electronic fund transfer. From March 2012, remittances and advice slips in respect of claims for travel and subsistence have been electronically transmitted to individual staff email accounts.
- Civilianisation is essential to ensuring that limited Garda resources are focused on the provision of frontline policing services. There are now over 2,000 full-time equivalent civilian staff in An Garda Síochána. Several initiatives were progressed during the reporting period to further increase this number including the deployment of civilian staff in April 2011 to the Garda Communications Centre, Harcourt Square, Dublin 2 and the launch of a pilot in February 2012 at Dublin

Airport with civilian staff from the Irish Naturalisation and Immigration Service carrying out duties as Immigration Control Officers (ICO).

3.2.6 Civil Service and State Agency Sectors

Productivity

Revenue

Staff numbers down by 850 or 13%.

Number of audit and assurance checks carried out has increased by 55% since 2008.

62% increase in traffic on the www.revenue.ie recorded between 2008 and 2011.

Passport Service

Although there has been a reduction in the permanent staff allocation in the Passport service, the service has managed to improve the turnaround time for the production of passports.

The number of passports issued in the period January to April increased from 187,117 in 2011 to 210,294 in 2012, an increase of 12.4%.

For the period January to April 2012, 89.7% of Passport Express applications were being issued/produced in '9 days or under'. In the same period for 2011, only 58.8% of Passport Express applications were being issued in '9 days or under'.

Social Protection Services

Between 2008 and end September 2011, the number of recipients of primary weekly welfare payments has increased by 240,000 or 20%, from 1.21 million to 1.45 million.

Numbers on the Live Register have increased by 280,000 in the last five years.

Greater numbers of staff are being serviced by central support areas without proportional increases in staff numbers. For example, the ratio of HR management staff to overall staff has increased from 1:66 to 1:76 since 2010.

Control reviews of claims increased from 568,000 in 2008 to 982,000 in 2011. The resultant savings increased from €458m in 2008 to €645m in 2011.

In terms of processing:

- 13% increase in volume in 2011 and 2.35 million claims cleared.
- Backlogs reduced by 9% in 2011 compared to 6.4% in 2010.
- 60% reduction in claims awaiting decision at end 2011 compared to peak levels at end 2009.
- Reduction in average processing times for all schemes of 11% between 2009 and 2011.

Paymaster General (PMG) and salaries shared service

The number of payees handled by the Department of Finance shared salary payment service has increased from 1,800 in 2008, to 3,000 in 2012, due to an increase in the client base from 11 to 16 Departments and Offices.

The PMG administers payment of pensions for 15,700 payees in 2008 and in 2012 this will increase to approximately 28,000, an increase of 12,300, as a result of taking on responsibility for paying the pensions of VEC retirees on behalf of the Department of Education and Skills and an increase in the number of pensioners.

The volume increases in both areas has been achieved without an increase in staffing.

Employment Rights Institutions

To date in 2012 the new 'Single Contact Portal'⁶ service has registered, acknowledged, and notified respondents of over 5,700 complaints within, on average, 10 days of receipt. This represents a very significant improvement on the position in previous years – the average number of days to acknowledge complaints to the Rights Commissioner Service in the period 2008 to 2010 was 108 days.

Backlogs in the Rights Commissioner Service (between receipt of complaint and the hearing of the case) of 34 weeks in 2011 have been eliminated.

- There is continued evidence of a proportionately higher reduction in numbers at more senior management and administrative grades during the reporting period. The numbers of top management⁷ and principal officers have fallen by 7.8% and 6.1% respectively, compared with a 1% increase in the number of clerical officers.
- Progress has been reported on the programme of rationalisation of state agencies and staff are co-operating with the changes that have been made. For example, progress has been made on streamlining the employment rights institutions including a single contact portal; a single complaint form; a new website and an early resolution service. Drafting of a Workplace Relations Bill has commenced to give effect to the new structure.
- Departments and Offices have reported further progress in the area of reconfiguration and business process re-engineering and the Department of Public Expenditure and Reform has established a Business Process Improvement unit to assist Departments in this area.
- Further progress is reported in the area of redeployment. The most significant redeployments of staff in the public service were the completion of redeployment of more than 1000 staff of the Community Welfare Service from the HSE to the Department of Social Protection (October 2011) and the redeployment of 750 FÁS staff to that Department (January 2012).
- Further progress is being made in the area of procurement by the National Procurement Service (NPS) with 50 national framework agreements and contracts

⁶ Established to receive, register and refer complaints to the five bodies (Employment Appeals Tribunal, National Employment Rights Authority, Labour Relations Commission, Equality Tribunal and Labour Court)

⁷ Defined as Assistant Secretary level positions and above.

now in place for high spend requirements. The annual estimated value of these agreements is approximately €460m.

- Departments and Offices are re-organising to meet business needs. Department of Social Protection is re-organising the management of business for the future and to ensure that the many change priorities identified are progressed while at the same time ensuring that customers continue to receive services. The Department has already made changes to ensure that localised services are better organised so that the existing three streams of business (Community Welfare Services, Social Welfare Local Office services, FÁS Employment and Community Services) can be managed and developed in line with Government priorities.
- Departments and Offices have also restructured their operations and reduced the number of office locations during the period. Under the local office rationalisation programme in Department of Agriculture, Food and the Marine, a further 10 offices were closed during the reporting period and the establishment of the 16 enhanced offices was completed in May 2011. Teagasc closed 13 offices during the review period bringing the total closed to 36.
- In relation to shared services:
 - A Transformation Manager has been appointed in the Department of Public Expenditure and Reform to drive the shared services agenda across the public service.
 - A Programme Board is being established for the Civil Service Payroll Shared Service project and a Project Manager will be appointed shortly.
 - On May 22 last, the Government decided to proceed with the implementation of a HR Shared Service Centre (HRSSC) for the Civil Service. It currently costs the Civil Service €85.6m annually to deliver HR services to 40 Departments and Offices. These services are being delivered by 865 staff at an annual salary cost of €53.4m. The financial appraisal suggests that implementing a shared service in this area has the potential to save approximately €12.5m per annum when fully operational. This equates to approximately 149 full time equivalent staff.
- The Office of the Revenue Commissioners has introduced a number of measures which aim to make better use of online facilities, including online registration for a range of taxes, implementation of e-Relevant Contracts Tax⁸ and tax relief at source developments. While the implementation of these measures will have an upfront net cost of €2.9m, it is estimated that the annualised savings accruing will be in the order of €16m over three years.

⁸ Savings estimates reported under this initiative were independently verified by Grant Thornton (see section 2.6).

3.2.7 Local Government Sector

The full list of achievements reported by each local authority is available on the Body's website (www.implementationbody.gov.ie).

Productivity

Services continue to be provided with 8,500 less staff in total since 2008 and 1,840 fewer in this review period.

Numbers of Director of Services posts reduced by 23% from 262 to 203 since 2008 and is on track to meet the Local Government Efficiency Review target of 190.

Rationalisation of back office support services, customer facing service delivery and the organisation of outdoor works in order to produce the leanest possible delivery mechanisms. For example:

- Fingal County Council: As a result of the retirement of 261 staff and a further 45 resignations and the non-filling of 86 vacancies. There has been a complete realignment of the organisation into Strategic, Corporate and Operations Divisions. This has resulted in around 490 staff moves in order to ensure a greater emphasis on front line operational services with simplified external accessibility to the staff engaged in the provision of these services.

- Waterford County Council: A full reorganisation of outdoor services allowing for dedicated teams for water maintenance, road maintenance and construction/landscaping. The number of supervisors has been reduced from 21 to 12.

- Local authority revenues have declined significantly since 2008. In order to balance finances local authorities have shed 8,500 staff in total since 2008 and over 1,800 in this review period. In order to continue to deliver services efficiently the local government sector is changing its structures, the way in which services are delivered and the way local authority staff are organised and deployed.
- Limerick City and County Councils and North and South Tipperary County Councils are being merged and implementation plans are being finalised. Further decisions on Waterford and regional and town structures will follow.
- Local authorities have rationalised their operations in terms of back office support services, customer facing service delivery and the organisation of outdoor works in order to produce the leanest possible delivery mechanisms. Staff flexibility, in terms of the work carried out and the location/base, has been critical in underpinning these initiatives. Examples of staff flexibilities include in Cork County Council clerical officers transferring to library services on a Tuesday to Saturday working pattern and general operative outdoor staff relieving clerical staff in area offices.
- A national procurement shared service resource for the sector is in place in the Local Government Management Agency. Each local authority has a dedicated procurement officer and shared procurements are being progressed on a regional and national basis.

- Rationalisation of Motor Taxation Offices and greater use of on-line payments. Examples of offices closed include Wicklow County Council – Bray and Blessington, Dublin City – Nutgrove and Waterford County Council – Tramore.
- Most local authorities have exited the waste collection service. For example, Kildare County Council has saved €0.72m with an annualised saving in excess of €2m. Louth County Council outsourced internal audit, street cleaning and grass cutting.
- Louth local authorities have procured and designed two schools on behalf of the Department of Education and Skills. These projects will be delivered utilising existing staffing resources.
- The Louth Economic Forum launched a pilot energy saving programme for Louth businesses aimed at reducing their carbon footprint and expenditure on heat, power and light. In a joint initiative with SEAI, energy management interns were placed with 45 businesses. A total initial saving of €0.2m was made within the 45 businesses with a further €0.75m future saving identified.
- Local authorities have improved services within existing resources. There is a greater emphasis on online services and ICT solutions. South Dublin County Council has introduced fixmystreet.ie. Waterford County Council has introduced Workflow Management Systems in respect of its services. Westmeath County Council has extended its opening hours. Kilkenny County Council has introduced direct debit payments options. Carlow County Council has increased the online availability of services through its libraries.
- A project management office has been established to develop shared services in the local government sector.

4 Assessment and conclusions

This second annual review of the Agreement takes place against a backdrop of continued serious fiscal pressures and the ongoing requirement to urgently extract significant savings from the cost of providing public services that are necessary to restore the public finances to a sustainable position. The Body is conscious of the continued uncertainty and volatility in the domestic and international economic environment and the consequence of that in terms of the need to ensure that there is no let up in the effort to deliver savings and reform under the framework of this Agreement.

The Body has reached the following conclusions on foot of its assessment of progress achieved during the second year of the Agreement.

1. The Agreement continues to be an effective enabler for the implementation of required reform and change across the public service. A key role of the Agreement is to

enable a sustained and significant reduction in the size of the public service. **A very substantial reduction in staff numbers (11,530) took place during the review period.**

The Agreement has been successful in ensuring that the large reduction in numbers and the necessary and fundamental reform that flows from that, have been achieved in a climate of industrial co-operation, notwithstanding the magnitude of the task of maintaining services with significantly fewer staff.

In particular, the redeployment provisions of the Agreement have been critical to enabling public service organisations to maintain and develop services with fewer staff. The Body established that there has been co-operation with the redeployment provisions of the Agreement during the reporting period.

The Body acknowledges that management and staff responded effectively to the particular challenge posed by the retirement of some 8,000 staff in the first two months of 2012. Services to citizens and business were maintained despite the departure of so many experienced staff in such a short period.

2. The Agreement has succeeded in delivering further significant reductions in the Exchequer pay bill, with pay bill savings of €650m achieved in the second year, driven by the substantial reduction in staff numbers (11,530) during the period. Even when an estimate for maximum possible planned post-grace period recruitment is factored in, the sustainable savings achieved are still considerable – over €520m.

The Body has also concluded that, across all sectors, the Agreement is helping to leverage the delivery of essential administrative efficiency (or non-pay) savings to ensure that sectors can live within reducing budgets. This Report shows that **efficiency savings totalling €369.8m (or €406.8m on an annualised basis) were delivered over the reporting period.**

3. The Body has identified during this review many examples of initiatives being taken centrally and locally across the public service which show a strong focus on extracting costs and efficiencies, increasing productivity and driving change. These include:

- The introduction of new roster arrangements to ensure that resources are matched to peak demand for services. For example, in An Garda Síochána (the first such change in over 40 years) and in the health sector (medical laboratories, radiography services and nursing roster changes in organisations across the sector);
- Redeployment of staff to areas of greatest need, for example, 200 secondary and 950 primary teachers were redeployed for the 2011/2012 school year and in the health sector some 4,500 people were redeployed or re-assigned during the review period alone as services were reconfigured and restructured;

- Reconfiguration of services and structures, for example, mental health and child care services and services for the elderly in the health sector; closure of barracks and redeployment of personnel in the Defence Forces; and the reconfiguration of local offices and services in the Department of Social Protection;
- The introduction of changed work practices, for example, in respect of Special Needs Assistants in the education sector and in the prison service;
- The standardisation of annual leave across the public service and the ongoing work to reform sick leave arrangements to deliver savings;
- The review of allowances and premium payments across the public service;
- The introduction of streamlined, centralised and shared service arrangements, for example, the single student grant scheme in the education sector, the centralised medical card processing centre and the national procurement model in the health sector, more efficient national procurement frameworks being put in place by the National Procurement Service in the OPW and the work which is advancing on the HR shared service centre in the Civil Service; and
- The rationalisation of structures and offices and the greater use of online services, for example, motor taxation offices in the local government sector, local agriculture, Teagasc, Courts Service and revenue offices and the merger of the workplace relations bodies in the Civil Service and state agency sectors.

It is also clear to the Body that the demand for many public services has greatly increased over the course of the current economic crisis, even as the numbers employed in the public service continues to fall. It follows that the productivity of remaining staff, who are meeting the growing demand for services, has increased substantially and evidence of this is provided in this Report.

4. It is clear to the Body that the pace and ambition of change needs to be systemic to fully address the fiscal challenges which lie ahead. The Body has, since its establishment, consistently stated that the key to maintaining services with substantially fewer staff is fundamental reform of how the public service operates.

The Body very much welcomes the establishment of a dedicated Department of Public Expenditure and Reform. That Department and the Reform and Delivery Office established within it are playing a key role driving the reform agenda across the public service.

However, that Department alone cannot directly drive the reforms required for the entire public service. It needs the support and active engagement of top management in all sectors. The Body has repeatedly emphasised the critical role that managements across the public service have in terms of devising ambitious plans for change and leading that change.

5. The sustainability of the Agreement will be measured against its ability to accelerate the pace of change across the public service and its potential for extracting further Exchequer pay bill savings and non-pay administrative efficiency savings through the early implementation of key deliverables across sectors.

A key priority over the remaining lifetime of the Agreement will be enabling the **further reduction in public service staff numbers** to achieve the Government's target of 282,500 by 2015.

In order to ensure that services are maintained to the greatest extent possible as numbers continue to fall, the Body has concluded that there are a range of priority change initiatives contained in Sectoral Action Plans which will need to be urgently progressed by management over the next reporting period. These include:

- **Further roster changes**
Such changes are needed to ensure that arrangements are optimised to meet current and expected service needs, particularly in terms of nurses and hospital consultants in the health sector.
- **Much more progress on implementing shared services**
Particularly in large sectors where there may be multiple agencies doing the same or similar work (for example, in back-office functions such as HR, IT, payroll) and, where such services have the potential to deliver cost savings and free-up staff for front line work such as local government and education.
- **A greater focus on performance**
Through the roll out of performance management systems where they are not already in place, for example, in An Garda Síochána and, where appropriate, in the education sector and strengthening existing systems, for example, in the Civil Service.
- **Further changes to work practices**
This should involve the elimination of remaining outdated working arrangements, extending working hours and opening hours of public offices.
- **Maximising the availability of resources for the frontline**
Through further redeployment within and across sectors in accordance with the provisions of the Agreement and ensuring that arrangements are put in place to support redeployment where such provisions do not already exist, for example, academic staff in Universities and Institutes of Technology.
- **Co-operation with further rationalisation of structures, organisations and offices**
Examples include:
 - The merger/abolition of state agencies in accordance with the announcements by Government in November 2011. The Body notes that there has been co-operation by staff with this programme to date and that further progress is

dependent, in many cases, on the pace at which relevant legislation can be advanced.

- Local government, where local authority amalgamations, the merger of City and County Enterprise Boards into local authorities need to be progressed.

- **Maximising the potential of online services**

Greater use of online services for the delivery of central and local services can enable public service organisations cope with increasing workloads with fewer staff, while also delivering improved, more cost effective and more convenient services to citizens and business.

- **Streamlining procedures and processes to achieve efficiencies and savings**

For example, in the criminal justice sector, where improved interagency co-operation between the Courts Service, the Prison Service and An Garda Síochána has clear potential to deliver efficiencies.

The Body is of the view that accelerating change now needs to occur across all public service bodies, in every sector, with an increased sense of urgency. It is not sufficient for management to rely on the reforms delivered to date. There is a need to go much further in light of the continued very difficult circumstances confronting the economy. It is essential, therefore, that management work proactively with staff and their representatives to explore opportunities for further far reaching reform and to deliver the change required in a time-bound way. Over the coming months, the Body will be engaging with top management in each sector to analyse in detail their plans for future reform and its delivery.

Finally, in order for the Body to fulfil its function in overseeing implementation of the Agreement, the full co-operation of management in each sector is required in terms of the provision of comprehensive, robust and timely information. The Body welcomes the steps that have been taken by management in the health sector to capture the savings and reform being achieved by voluntary funded organisations across the sector. Given the size, budgets, numbers employed and range of organisations concerned, the Body calls on management to intensify their efforts to ensure that this area of the sector is fully reflected in future plans and reports submitted to it.

Appendix 1

Progress achieved in Year 1 (April 2010 to March 2011)

- Sustainable Exchequer Pay Bill savings of €289m, driven primarily by a reduction of 5,349 in public service staff numbers
- Administrative Efficiency, or non-pay, savings of more than €308m
- Examples of costs avoided reported to the Body totalling €85m highlighted
- New arrangements agreed to enable over a thousand teachers to be redeployed in primary and secondary schools
- Progress made on transferring staff of the Community Welfare Service from the HSE to the Department of Social Protection
- Extensive redeployment and reassignment of staff in the Health Sector following the voluntary early retirement scheme and voluntary redundancy schemes in late 2010
- Implementation of 2 million additional working hours in the Education Sector, eliminating the need for school closures for parent teacher meetings, planning, training etc.
- Elimination of outdated work practices such as bank time in the Civil Service
- Outsourcing of Garda safety camera operations, freeing up Gardaí for other frontline duties
- Progress on developing online services and e-payment facilities for State services, with over 300 services available on www.gov.ie
- Progress on introducing the single student grant scheme which replaces 4 grant schemes with a single scheme administered by a single agency, instead of 66 bodies
- Progress on rationalising agencies, structures and office requirements, e.g. Department of Agriculture and Revenue local offices, court venues and Teagasc offices
- Progress on developing shared service arrangements in the health service with the establishment of the National Recruitment Service, National Pensions Management and National Personnel Administration

The Body's first Annual Report is available at www.implementationbody.gov.ie